



Amy G. Rabinowitz
Counsel

May 19, 2004

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: 2002 Service Quality Report; D.T.E. 03-20

Dear Secretary Cottrell:

On behalf of Massachusetts Electric Company and Nantucket Electric Company (collectively "Company"), I am enclosing a proposal for a one month per kWh credit to customers for the Service Quality Penalty incurred for calendar year 2002. The Company proposes to provide this credit to customers in either the billing month of June or July of 2004. For the billing month of June, the Company would credit customers on all bills rendered during that time 0.295¢ per kWh. For the billing month of July, the Company would credit customers on all bills rendered during that time 0.253¢ per kWh.

Attachment 1 shows the calculation of the one month credit for the billing month of June. Attachment 2 is the reconciliation of the 2000/2001 Service Quality penalty amount refunded to customers during May 2002. The Company proposes to reconcile the amount it was required to refund to customers against the amount actually reflected in customer bills to capture any subsequent billing activity related to the 2000/2001 Service Quality refund. The amount of the over refund to customers of \$80,328 is therefore reflected in Attachment 1. Attachment 3 shows the impact of the Company's proposal for June on a 500 kWh typical bill. Attachment 4 shows the calculation of the one month credit for the billing month of July, and also includes the over refund to customers of \$80,328 for the 2000/2001 Service Quality penalty amount. Attachment 5 shows the impact of the Company's proposal for July on a 500 kWh typical bill.

If the Department wishes the Company to provide customers the credit during June, the Company respectfully requests Department action no later than May 26, 2004, as the Company will issue its first June bills on May 27, 2004.

25 Research Drive
Westborough, MA 01582-0099
Phone 508.389.2975
Fax: 508.389.2463
amy.rabinowitz@us.ngrid.com

Mary L. Cottrell, Secretary

May 19, 2004

Page 2

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

cc: Caroline Bulger, Hearing Officer
Jody Stiefel, Hearing Officer
Wilner Borgella, Office of the Attorney General

Massachusetts Electric Company
Nantucket Electric Company
Calculation of \$/kWh Credit Factor for 2002 Net Service Quality Penalty
One Month Credit in June 2004

(1)	2002 Net Service Quality Penalty	\$4,894,905
(2)	Balance Attributable to 2000/2001 Net Service Quality Penalty	<u>(\$80,328)</u>
(3)	Total Amount to be Credited to Customers	\$4,814,577
(4)	Forecasted June 2004 kWh Deliveries	<u>1,627,866,779</u>
(5)	Proposed per kWh Service Quality Credit	\$0.00295

- (1) March 3, 2003 *2002 Service Quality Report* filing for Mass. Electric in DTE 03-20, Section 2, Page 1 of 9 of \$4,888,363 plus March 3, 2003 *2002 Service Quality Report* filing for Nantucket Electric in DTE 03-20, Section 2, Page 1 of 9 of \$6,542
- (2) Attachment 2
- (3) Line (1) + Line (2)
- (4) Per Company forecast, reflects Mass. Electric and Nantucket Electric
- (5) Line (3) ÷ Line (4), truncated after 5 decimal places

19-May-04

Massachusetts Electric Company

Nantucket Electric Company

M.D.T.E. No. 03-20

Attachment 2

Page 1 of 1

Massachusetts Electric Company
Nantucket Electric Company
2000/2001 Service Quality Penalty
Incurred Calendar Years 2000 and 2001

<u>Month</u>	<u>Beginning Penalty Balance</u>	<u>Credits to Customers</u>	<u>Ending Penalty Balance</u>	<u>Balance Subject to Interest</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Cumulative Interest</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
May-02	\$6,338,082	\$6,400,696	(\$62,614)	\$3,137,734	0.00%	\$0	\$0
Jun-02	(\$62,614)	\$25,515	(\$88,128)	(\$75,371)	0.00%	\$0	\$0
Jul-02	(\$88,128)	(\$3,888)	(\$84,241)	(\$86,185)	0.00%	\$0	\$0
Aug-02	(\$84,241)	(\$1,974)	(\$82,267)	(\$83,254)	0.00%	\$0	\$0
Sep-02	(\$82,267)	(\$752)	(\$81,515)	(\$81,891)	0.00%	\$0	\$0
Oct-02	(\$81,515)	(\$421)	(\$81,094)	(\$81,304)	0.00%	\$0	\$0
Nov-02	(\$81,094)	(\$679)	(\$80,415)	(\$80,755)	0.00%	\$0	\$0
Dec-02	(\$80,415)	(\$6)	(\$80,409)	(\$80,412)	0.00%	\$0	\$0
Jan-03	(\$80,409)	(\$91)	(\$80,318)	(\$80,363)	0.00%	\$0	\$0
Feb-03	(\$80,318)	\$10	(\$80,328)	(\$80,323)	0.00%	\$0	\$0

\$6,418,410

Remaining Refund of September 2002 Over Recovery (\$80,328)

- (a) May-2002: April 4, 2002 Filing in DTE 01-71-B, Line (d)
Prior Month Column (c) + Prior Month Column (f)
- (b) Per Billing Records for Mass. Electric and Nantucket Electric
- (c) Column (a) - Column (b)
- (d) [Column (a) + Column (c)] ÷ 2
- (e)
- (f) Column (c) x [Column (e) ÷ 12]
- (g) Column (f) + Prior Month Column (g)

Massachusetts Electric Company
Nantucket Electric Company
Impact on 500 kWh Typical Bill
One Month Credit in June 2004

	<u>Mass. Electric</u>		<u>Nantucket Electric</u>	
<u>Section 1: Proposed Rates</u>				
Customer Charge	\$5.81	\$5.81	\$5.81	\$5.81
Distribution Energy Charge	\$0.02448	\$12.24	\$0.02448	\$12.24
Transition Charge	\$0.00632	\$3.16	\$0.00632	\$3.16
Transmission Charge	\$0.00624	\$3.12	\$0.00624	\$3.12
Demand Side Management Charge	\$0.00250	\$1.25	\$0.00250	\$1.25
Renewables Charge	\$0.00050	\$0.25	\$0.00050	\$0.25
Cable Facilities Surcharge-Summer	n/a		\$0.01951	\$9.76
Service Quality Credit	(\$0.00295)	<u>(\$1.48)</u>	(\$0.00295)	<u>(\$1.48)</u>
Subtotal		\$24.35		\$34.11
Standard Offer Charge	\$0.06802	<u>\$34.01</u>	\$0.06802	<u>\$34.01</u>
Total		\$58.36		\$68.12

Section 2: Present Rates

Customer Charge	\$5.81	\$5.81	\$5.81	\$5.81
Distribution Energy Charge	\$0.02448	\$12.24	\$0.02448	\$12.24
Transition Charge	\$0.00632	\$3.16	\$0.00632	\$3.16
Transmission Charge	\$0.00624	\$3.12	\$0.00624	\$3.12
Demand Side Management Charge	\$0.00250	\$1.25	\$0.00250	\$1.25
Renewables Charge	\$0.00050	<u>\$0.25</u>	\$0.00050	\$0.25
Cable Facilities Surcharge-Summer	n/a		\$0.01951	<u>\$9.76</u>
Subtotal		\$25.83		\$35.59
Standard Offer Charge	\$0.06802	<u>\$34.01</u>	\$0.06802	<u>\$34.01</u>
Total		\$59.84		\$69.60

Section 3: Impact

\$ Decrease		(\$1.48)		(\$1.48)
% Decrease		-2.47%		-2.13%

Massachusetts Electric Company
Nantucket Electric Company
Calculation of \$/kWh Credit Factor for 2002 Net Service Quality Penalty
One Month Credit in July 2004

(1)	2002 Net Service Quality Penalty	\$4,894,905
(2)	Balance Attributable to 2000/2001 Net Service Quality Penalty	<u>(\$80,328)</u>
(3)	Total Amount to be Credited to Customers	\$4,814,577
(4)	Forecasted July 2004 kWh Deliveries	<u>1,902,664,598</u>
(5)	Proposed per kWh Service Quality Credit	\$0.00253

- (1) March 3, 2003 *2002 Service Quality Report* filing for Mass. Electric in DTE 03-20, Section 2, Page 1 of 9 of \$4,888,363 plus March 3, 2003 *2002 Service Quality Report* filing for Nantucket Electric in DTE 03-20, Section 2, Page 1 of 9 of \$6,542
- (2) Attachment 2
- (3) Line (1) + Line (2)
- (4) Per Company forecast, reflects Mass. Electric and Nantucket Electric
- (5) Line (3) ÷ Line (4), truncated after 5 decimal places

Massachusetts Electric Company
Nantucket Electric Company
Impact on 500 kWh Typical Bill
One Month Credit in July 2004

	<u>Mass. Electric</u>		<u>Nantucket Electric</u>	
<u>Section 1: Proposed Rates</u>				
Customer Charge	\$5.81	\$5.81	\$5.81	\$5.81
Distribution Energy Charge	\$0.02448	\$12.24	\$0.02448	\$12.24
Transition Charge	\$0.00632	\$3.16	\$0.00632	\$3.16
Transmission Charge	\$0.00624	\$3.12	\$0.00624	\$3.12
Demand Side Management Charge	\$0.00250	\$1.25	\$0.00250	\$1.25
Renewables Charge	\$0.00050	\$0.25	\$0.00050	\$0.25
Cable Facilities Surcharge-Summer	n/a		\$0.01951	\$9.76
Service Quality Credit	(\$0.00253)	<u>(\$1.27)</u>	(\$0.00253)	<u>(\$1.27)</u>
Subtotal		\$24.56		\$34.32
Standard Offer Charge	\$0.06802	<u>\$34.01</u>	\$0.06802	<u>\$34.01</u>
Total		\$58.57		\$68.33

Section 2: Present Rates

Customer Charge	\$5.81	\$5.81	\$5.81	\$5.81
Distribution Energy Charge	\$0.02448	\$12.24	\$0.02448	\$12.24
Transition Charge	\$0.00632	\$3.16	\$0.00632	\$3.16
Transmission Charge	\$0.00624	\$3.12	\$0.00624	\$3.12
Demand Side Management Charge	\$0.00250	\$1.25	\$0.00250	\$1.25
Renewables Charge	\$0.00050	<u>\$0.25</u>	\$0.00050	\$0.25
Cable Facilities Surcharge-Summer	n/a		\$0.01951	<u>\$9.76</u>
Subtotal		\$25.83		\$35.59
Standard Offer Charge	\$0.06802	<u>\$34.01</u>	\$0.06802	<u>\$34.01</u>
Total		\$59.84		\$69.60

Section 3: Impact

\$ Decrease		(\$1.27)		(\$1.27)
% Decrease		-2.12%		-1.82%